



DEPARTMENT OF
FINANCE

ARNOLD SCHWARZENEGGER, GOVERNOR

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August 11, 2009

Mr. Mark Leary, Executive Director
California Integrated Waste Management Board
1001 I Street, MS 25A
P.O. Box 4025
Sacramento, CA 95812-4025

Dear Mr. Leary:

Final Report—City of Banning, California Integrated Waste Management Board Waste Tire Enforcement Grant Audit

The Department of Finance, Office of State Audits and Evaluations (Finance), has completed its audit of the City of Banning's (City) Grant Agreement TEA9-03-33 for the period June 30, 2004 through June 30, 2005.

The enclosed report is for your information and use. After review of the draft report, the City chose not to provide a written response. However, the City submitted additional documentation in support of the questioned costs. Based on our review of the documentation submitted, the finding in the draft report was removed from the final report.

In accordance with Finance's policy of increased transparency, the final report will be placed on our website. We appreciate the assistance and cooperation of the City's staff. If you have any questions regarding this report, please contact Kimberly Tarvin, Manager, or Alma Ramirez, Supervisor, at (916) 322-2985.

Sincerely,

for David Botelho, Chief
Office of State Audits and Evaluations

Enclosure

cc: On following page

cc: Mr. Brian Nakamura, City Manager, City of Banning
Mr. Tim Steenson, Grant Manager, City of Banning
Ms. Bonnie Johnson, Director of Finance, City of Banning
Ms. Shirley Willd-Wagner, Manager, Financial Assistance Division, California Integrated
Waste Management Board
Ms. Susan Villa, Branch Manager, Administration and Finance Division, California
Integrated Waste Management Board
Mr. Jim Lee, Branch Manager, Waste Compliance and Mitigation Program, California
Integrated Waste Management Board
Mr. Carl Coaxum, Associate Management Auditor, Audit and Evaluation Unit, California
Integrated Waste Management Board
Mr. Loreto Tamondong, Grant Manager, Financial Assistance Division, California
Integrated Waste Management

A GRANT AUDIT

City of Banning
Grant Agreement
TEA9-03-33

Prepared By:
Office of State Audits and Evaluations
Department of Finance

MEMBERS OF THE TEAM

Kimberly Tarvin, CPA
Manager

Alma Ramirez, CPA
Supervisor

Staff
Steve Backlund

Final reports are available on our website at <http://www.dof.ca.gov>

You can contact our office at:

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300 Capitol Mall, Suite 801
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(916) 322-2985

BACKGROUND

California generates over 40 million waste tires annually. The stockpiling and illegal dumping of waste tires creates a potential threat to public health. As the state's recycling and waste reduction authority, the California Integrated Waste Management Board (Board) implements programs to reduce waste generation, divert materials from landfills, recover resources, remediate illegal sites, and ensure compliance with applicable state standards. In 1989, the Legislature enacted the California Tire Recycling Act (Act) to address the need to manage these waste grants. The Legislature authorized the Board to carry out the Act's program. The Waste Tire Enforcement Grants program provides funding for waste tire enforcement activities.

The City of Banning (City), located in Riverside County, received a Waste Tire Enforcement Grant to implement an effective waste tire inspection and compliance program at the local level to protect the public health, safety, and the environment.

SCOPE

In accordance with an interagency agreement, the Department of Finance, Office of State Audits and Evaluations (Finance), conducted a compliance audit of the City's Waste Tire Enforcement Grant listed below:

<u>Grant Agreement</u>	<u>Audit Period</u>	<u>Awarded</u>
TEA9-03-33	June 30, 2004 through June 30, 2005	\$40,000

The audit objective was to determine whether the City's grant expenditures were in compliance with applicable laws, regulations, and grant requirements. In order to design adequate procedures to evaluate fiscal compliance, we obtained an understanding of the relevant internal controls. We did not assess the efficiency or effectiveness of program operations.

The City is responsible for ensuring accurate financial reporting and compliance with applicable laws, regulations, and grant requirements. The Board is responsible for evaluating the efficiency and effectiveness of the program operations.

METHODOLOGY

To determine whether grant expenditures were in compliance with applicable laws, regulations and the grant requirements, we performed the following procedures:

- Interviewed key personnel.
- Obtained an understanding of grant related internal controls.
- Examined the grant files.

- Reviewed the City's accounting records.
- Determined whether a sample of expenditures were:
 - Allowable
 - Grant related
 - Incurred within the grant period
 - Supported by accounting records
 - Properly recorded
 - Not also billed to other Board grants

The results of our audit are based on our review of documentation and other information made available to us and interviews with City staff. The audit was conducted from December 2008 through July 2009.

We conducted our audit in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and recommendations based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our observations and recommendations.

RESULTS

The City's expenditures were expended in compliance with applicable laws, regulations, and grant requirements. The claimed, audited, and questioned amounts are presented in Table 1.

Table 1: Schedule of Claimed, Audited, and Questioned Amounts

Grant Agreement TEA9-03-33 For the Period June 30, 2004 through June 30, 2005			
Categories	Claimed	Audited	Questioned
Personnel	\$ 8,030	\$ 8,030	\$ 0
Other	2,735	2,735	0
Total	\$ 10,765	\$ 8,030	\$ 0